

By: Romero, Jr.

H.B. No. 42

A BILL TO BE ENTITLED

AN ACT

relating to a franchise tax credit for certain taxable entities offering postsecondary tuition assistance.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 171, Tax Code, is amended by adding Subchapter L-1 to read as follows:

SUBCHAPTER L-1. TAX CREDIT FOR CERTAIN ENTITIES THAT PROVIDE  
TUITION ASSISTANCE

Sec. 171.621. DEFINITIONS. In this subchapter:

(1) "Neighborhood empowerment zone" has the meaning assigned to "zone" by Section 378.001, Local Government Code.

(2) "Postsecondary educational institution" means any public or private institution that provides courses of instruction beyond that offered in secondary schools, including proprietary, vocational, and technical schools.

Sec. 171.622. ELIGIBILITY FOR CREDIT. A taxable entity is entitled to a credit in the amount and under the conditions and limitations provided by this subchapter against the tax imposed under this chapter.

Sec. 171.623. QUALIFICATION. A taxable entity qualifies for a credit under this subchapter if:

(1) the taxable entity provides tuition assistance for an employee attending a postsecondary educational institution;

(2) the taxable entity is located in a neighborhood

1 empowerment zone; and

2 (3) the amount of the taxable entity's total revenue  
3 from its entire business for the reporting period for which the  
4 credit is claimed is less than \$250 million.

5 Sec. 171.624. AMOUNT; LIMITATION. (a) Except as otherwise  
6 provided by this section, the amount of the credit for the period  
7 covered by a tax report is equal to the lesser of the amount of  
8 tuition assistance provided to all employees during the period and:

9 (1) \$10,000, if the amount of the taxable entity's  
10 total revenue from its entire business for the period is less than  
11 \$10 million;

12 (2) the greater of \$10,000 and 50 percent of the amount  
13 of franchise tax due for the report after all other applicable tax  
14 credits, if the taxable entity's total revenue from its entire  
15 business for the period is at least \$10 million but less than \$50  
16 million; and

17 (3) the lesser of \$50,000 and 50 percent of the amount  
18 of franchise tax due for the report after all other applicable tax  
19 credits, if the taxable entity's total revenue from its entire  
20 business for the period is at least \$50 million but less than \$250  
21 million.

22 (b) The total credit claimed on a tax report may not exceed  
23 the amount of franchise tax due for the report after all other  
24 applicable tax credits.

25 (c) A taxable entity may claim a credit under this  
26 subchapter for an expenditure made during a reporting period only  
27 against the tax owed for the period.

1       Sec. 171.625. APPLICATION FOR CREDIT. (a) A taxable entity  
2 must apply for a credit under this subchapter on or with the tax  
3 report for the period for which the credit is claimed.

4       (b) The comptroller shall adopt a form for the application  
5 for the credit. A taxable entity must use the form in applying for  
6 the credit.

7       Sec. 171.626. ASSIGNMENT PROHIBITED. A taxable entity may  
8 not convey, assign, or transfer the credit allowed under this  
9 subchapter to another taxable entity unless all of the assets of the  
10 taxable entity are conveyed, assigned, or transferred in the same  
11 transaction.

12       Sec. 171.627. RULES. The comptroller shall adopt rules  
13 necessary to implement this subchapter.

14       Sec. 171.628. EXPIRATION. This subchapter expires December  
15 31, 2022.

16       SECTION 2. This Act applies only to a report originally due  
17 on or after the effective date of this Act.

18       SECTION 3. This Act takes effect January 1, 2018.